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SUBJECT: TURKISH CYPRIOTS SCHLEP TOWARD JUNE 25 ELECTIONS

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1B. NICOSIA 203

1C. LIBBY-INGMANSON EMAIL (5/8/06)

Classified By: Ambassador Ronald Schlicher, reasons 1.4 (b) and (d).

11. (C) Summary. Turkish Cypriots go to the polls on June 25 to elect "mayors" and councils in all 26 of the north's municipalities -- and to fill two empty seats in the "TRNC Parliament." Having been to the polls four times since 2003, however, most voters are unenthusiastic about these elections. Those who bother to vote at all will likely base their choices more on parochial concerns such as traffic and local governance than on grand political questions like the Cyprus problem. Still, some observers expect this election could serve as a referendum on the policies of the ruling coalition, lead by the CTP of "President" Talat and "PM" Soyer. This could be bad news for pro-settlement forces, whose post-Annan referendum honeymoon is definitely over, and whose record on many bread-and-butter issues is decidedly mixed. Although there is a theoretical possibility that the CTP could lose its majority in the legislature, it faces a fractious and lackluster opposition -- and therefore seems likely to hold its own, or even improve its standing "nationally" and locally. Although a strong CTP showing could prompt a reshuffle of "government" agencies or "cabinet" portfolios, these elections are unlikely to produce any significant changes in the Turkish Cypriot approach to the Cyprus problem, which is increasingly informed by public frustration and anger, and increasingly less concentrated on public expressions of support for the reunification agenda.

END SUMMARY.

ELECTION FATIGUE

12. (SBU) The "TRNC" will hold elections for all 26 of the north's municipalities on June 25. At the same time, voters in Nicosia and Kyrenia will select "MPs" for two empty seats in the "TRNC" legislature -- one which was left vacant by Mehmet Ali Talat when he was elevated to the "presidency" in April 2005, and another which has been empty since the death of Kyrenia "MP" and leading opposition figure Salih Miroglu later that year (ref a).

13. (C) Having gone to the polls four times since 2003 (twice for "parliamentary" elections, once to select a "president," and once to vote on the Annan Plan), most Turkish Cypriot voters are uninterested in the current campaign. Local observers expect turnout to be low as a result. Party activists from all sides agree, adding that the current sense of deadlock on the Cyprus problem and resignation over the north's continued "isolation" has sapped most of the enthusiasm from the Turkish Cypriot body politic.

14. (C) Nonetheless, the three largest parties (the ruling CTP of Talat and Soyer, the opposition nationalist UBP, and the

junior coalition partner DP of "FM" Serdar Denktash) are trying to energize their supporters and woo undecided voters with campaign rallies, get-out-the vote events, and advertisements and debates in the mass media. Most smaller parties are either too cash-strapped to field any candidates, or are focusing their efforts on dark-horse hopefuls in specific districts. Only the CTP, DP, and UBP are thought to be serious contenders in these polls.

THE PLAYERS

15. (C) The CTP, which is in a strong position in the current parliament and controls the three largest municipalities, hopes to by pick up both parliamentary seats and win control of some medium-sized and rural municipalities, where the party has traditionally done poorly. To do so, it will have to contend with more than just frustration over the apparent Cyprus problem stalemate -- a frustration that has deepened since the strong showing of "hard-line" forces allied to President Papadopoulos in ROC elections last month, and that could deepen further with the looming the EU-Turkey showdown expected later this fall. The CTP also faces general dissatisfaction over its performance on bread-and-butter issues of daily governance. The depreciating Turkish lira, continued labor unrest in the public sector, unpopular education reform, poor public services, rumors of cronyism among certain CTP officials, and even the high rate of gruesome traffic deaths on "TRNC" roads have combined to put a definite end to the honeymoon the CTP enjoyed in the afterglow of the Annan Referendum and Talat's election as "president." CTP insiders are confident that they have the best slate of candidates and the strongest policy platform, but nonetheless worry that if the elections are perceived as a referendum on their performance, they may suffer.

NICOSIA 00000935 002 OF 004

16. (C) The opposition UBP -- which controls a majority of "TRNC" municipalities and has 17 "MPS" -- is the north's second largest party. UBP leaders smell blood, but may be unable to take advantage of CTP's weaknesses. The party's fresh-faced new leader Huseyin Ozgurgun (ref b) has not stirred popular imagination as his political patrons in the party machine had hoped. The UBP has been unable to erase its image of incompetent cronyism, earned through decades of government under Rauf Denktash. Ideologically, the UBP offers little beyond general platitudes about the need for a "center-right, liberal, patriotic" alternative -- and constant criticism of Talat for his inability to solve the Cyprus problem. Finally, the party no longer enjoys much moral or financial support from Turkey, whose AKP government is reportedly furious at the UBP (ref c) for opposing the "TRNC's" new property compensation and restitution scheme.

17. (C) Serdar's DP, while officially in coalition with the CTP, is running its own candidates for parliament and in most municipalities. While the party is thought to have little chance of improving its current standing, DP still hopes to outperform the much-larger UBP and emerge from these elections as the ascendant power on the political right. Most observers dismiss this as a fantasy, however, since the party's ideological vision is even fuzzier than that of the UBP. Furthermore, the public's tendency to associate the party with the personal ambitions of Serdar Denktash makes it difficult for the DP to raise money, develop a proper grassroots infrastructure, or appeal to a broader range of voters.

THE BATTLEGROUNDS

Nicosia

18. (C) The race for Nicosia "mayor" has turned out to be the tightest, most high-stakes campaign this year. The "mayor"

is not only the boss of the north's largest city and capital; he is also the only Turkish Cypriot elected official (besides Talat) who enjoys any institutional recognition abroad. Since the "Nicosia Turkish Municipality" predates the 1974 war, the "mayor" enjoys the grudging acceptance of ROC officials (who have worked with him and his predecessors in joint UN- and U.S.-sponsored projects such as the Nicosia Master Plan) and a generally higher profile than most other Turkish Cypriot politicians. Incumbent CTP "Mayor" Kutlay Erk has taken advantage of this position to develop his own image as a globe-trotting statesman. He serves as his party's foreign affairs spokesman and travels abroad frequently, especially to key European capitals. Indeed, he has in effect become a rival "foreign minister" to Serdar (whom Talat and Soyer only trust with symbolic policy table scraps like OIC meetings and relations with Azerbaijan or the Gambia).

¶9. (C) Erk's rivals have taken advantage of the widespread perception that he is uninterested in the day-to-day aspects of his job; they have criticized the abysmal state of municipal trash removal, the increasingly frequent traffic jams, and the city's underdeveloped infrastructure. Erk's efforts to woo voters (by installing bizarre and expensive public sculptures, ordering a last-minute frenzy of street improvements, or giving tea sets to elderly ladies on Mother's Day) have been widely ridiculed, and not just by his opponents. CTP members, including Erk himself, acknowledge that he faces the toughest race of any major CTP candidate. Although Turkish Cypriot polls are notoriously partisan, the best data available suggests Erk will probably squeak through to victory. But with his support hovering around 40 percent and his rivals gaining on him, this is not a sure thing.

¶10. (C) Erk's hopes for victory rest on the assumption that his two most serious challengers will split the Erk-hating right (as well as more apolitical mainstream voters who want a change) down the middle. Erk's closest challenger, former UBP Mayor Semi Bora (whom Erk beat by only a few hundred votes in 2002), is a familiar face to most voters. But polls suggest that has failed to ignite much enthusiasm, with the most reliable figures showing his support in the low thirties.

¶11. (C) DP candidate Cemal Bulutogullari is a more colorful figure with a colossal ego. Currently polling in the mid-twenties, he is nonetheless gaining fast on both Bora and Erk. Bulutogullari is well known from his time as chairman of the popular Cetinkaya football side, and is pouring significant amounts of his own personal wealth into the campaign. (He is in the construction and asphalt business, but is rumored to have many dirty dealings on the side -- including some with Serdar). His outrageously expensive campaign promises strain credulity, however, and his shady

NICOSIA 00000935 003 OF 004

image is a liability in the eyes of many voters. Although some Turkish Cypriots think Bulutogullari could enjoy a last-minute surge and be first past the post, most observers feel that only a last-minute withdrawal could unify the anti-Erk vote. Since neither of the rival parties on the right seem ready to bow out in favor of the other, however, Erk appears to be headed for an underwhelming victory.

Famagusta, Kyrenia and Elsewhere

¶12. (C) CTP incumbents in the north's second and third cities, Famagusta and Kyrenia, are set for more comfortable victories, according to most polls. Famagusta "Mayor" Oktay Kayalp enjoys a reputation for competent governance, and his city has been riding a wave of prosperity thanks to remittances from residents working in the south (and therefore finally paying their taxes and water bills) -- and to the ripple effects of skyrocketing enrollment at Famagusta's Eastern Mediterranean University. Kayalp's surprisingly good relations with the Greek Cypriot refugee community (he has facilitated the celebration of Orthodox

religious ceremonies in Famagusta), visible love for his job, and apparent lack of higher ambition make him a clear favorite over the lackluster no-names running for UBP and DP.

¶13. (C) Kyrenia "Mayor" Sumer Aygin is far less popular than Kayalp, and at one point the CTP considered dumping him as their candidate in the city. Under Aygin, the Kyrenia municipality has done a poor job at keeping up with the demands of the north's recent property boom -- which has been largely concentrated in and around the city, and placed an unbearable strain on municipal water, waste, and traffic infrastructure. Aygin has also suffered from several hare-brained initiatives, including his decision to import dozens of expensive date palms from Egypt to decorate one of the city's main thoroughfares. Victims of some kind of date-palm alopecia, the leafless trees are forlornly scattered along the highway and serve as a focal point for dissatisfaction with Aygin. Nonetheless, Aygin is still favored to win thanks to his anemic competition. With all of their best local talent either already in "parliament" or dead, neither the UBP nor DP appear able to pluck what should have been low-hanging fruit in Kyrenia.

¶14. (C) Outside the biggest three cities, however, the right wing is likely to do much better. In addition to enjoying the benefits of incumbency (the UBP controls the vast majority of small- and mid-sized municipalities), rural and small-town voters are generally thought to be more receptive to the nationalist message of the UBP and DP. The "mayors" of Morphou and Lefke are both popular -- and considered competent managers -- who enjoy the added benefit of not being associated with Talat's disappointing performance. CTP will be happy to "hold its own" in constituencies like these, according to one party insider, who anticipates trouble making much progress against incumbents in the hinterland.

Parliament

¶15. (C) With 23 out of 50 "MPs," the CTP is hoping for a clean sweep in both open seats. This would theoretically enable the party to ditch Serdar in favor of a smaller coalition with the more solidly pro-solution, pro-EU BDH, a one-man show currently represented in "parliament" by the erratic Mustafa Akinci. It might also allow CTP the option of forming a "government" alone, with the support of defectors from the UBP or DP. (At least a handful of members from both parties can always be relied on to bolt if offered sufficient rewards, such as a cabinet slot). A less likely scenario would involve either the UBP or DP winning at least one seat -- opening up the mathematical possibility of a shaky coalition against a 24- or 23-member CTP.

¶16. (C) The latter scenario seems unlikely, however, since polls show the CTP poised to win both seats. "Minister" of Youth and Sports Ozkan Yorgancioglu is representing the party for Talat's old Nicosia seat. His most notable competition is the former Chamber of Industry President, Salih Tunar, who is running on the DP ticket as a technocratic outsider. An otherwise pleasant fellow with pragmatic, center-right, pro-business instincts, Tunar is nonetheless running behind in the polls. He lacks the ambition and charisma to win the race, and the DP party infrastructure that supports him cannot compete with the CTP's well-financed campaign machine.

In Kyrenia, the CTP's Gulboy Beydagli faces even less serious competition from underfinanced UBP and DP challengers.

MINOR RESHUFFLE POSSIBLE, EARTHQUAKE UNLIKELY

¶17. (C) In the highly-centralized "TRNC," municipalities have limited power of their own, and are largely reliant on

NICOSIA 00000935 004.2 OF 004

financial transfers from the "state" and mainland Turkish project assistance. Whoever wins at the local level, the CTP-DP "government" will continue to call the shots on most

important questions. For the opposition, this election is mainly about bragging rights; the UBP and DP are at least as eager to best each other as they are to beat CTP. Their rivalry for preeminence on the political right is deepened by the personal hatred between Serdar and the neophyte Ozgurgun (who was in the DP until he divorced Serdar's sister-in-law).

It appears unlikely that the parties will decide to join forces -- either in the last moments of the campaign or in "parliament" afterwards. Although an electoral defeat this year would not oust Serdar as leader of the DP, it could prompt an eventual leadership change in the UBP.

¶18. (C) In any case, a continuation of the current coalition is the least bad option for both CTP and DP. No matter who wins the two open seats, the CTP-DP duo will remain a mathematically stable majority of at least 30, and the CTP and DP are more "comfortable" with each other than with any other possible partners. Despite the frequent public flare-ups between "PM" Soyer and "DPM" Serdar involving theological differences over the Cyprus problem, the two men have developed a "live-and-let-live" approach to government. CTP insiders admit that in exchange for giving Serdar the prestigious posts of "Foreign Minister" and "DPM" (as well as allowing him to control the lucrative casino licensing and regulatory authorities under the "Ministry of Economy and Tourism"), the CTP enjoys a free hand in all other matters of government.

19 (C) Assuming they win both open seats, however, sources close to Soyer say he is contemplating a re-negotiation of the current coalition deal to reflect CTP's increased advantage over Serdar. CTP might try to take over one of the DP's three "cabinet ministries," said one CTP member. Serdar is unlikely to give up either "Foreign Affairs" or "Economy and Tourism" -- especially since he is rumored to have promised Tunar stewardship of the latter as a reward for his quixotic run for "parliament." This leaves the "Agriculture Ministry" as a possible bargaining chip. More likely, according to some CTP insiders, is a reshuffle of sub-cabinet agencies -- for example, giving CTP control of the electricity authority, which is currently supervised by the DP "Minister" of Agriculture.

COMMENT

¶20. (C) These elections should have little immediate impact on U.S. interests, although there are some areas we will watch closely. Should CTP lose control of Nicosia to a more nationalistic "mayor," USG-supported programs such as the Nicosia Master Plan could run into difficulties. Other initiatives like the stalled Ledra Street crossing might be put on ice for good. CTP victories in "parliament" could be good news, especially if the (presumably) less corrupt and obstreperous CTP uses its new strength to take control of some "ministries," offices, or regulatory bodies currently run by the DP.

¶21. (C) Although local issues seem to have dominated the campaign thus far, the election will nonetheless be a mini-referendum on Talat's Cyprus policy. Talat always keeps one nervous eye on his increasingly frustrated voters when deciding how flexible to be in his dealings with the EU and UN. This insecurity in recent months has led him to focus publicly not on the vision of reunification, but on more nationalistic themes and the "blame game" vis-a-vis Papadopoulos and the Greek Cypriot community. Punishment in these elections could undermine his ability to stand up to Ankara, which has reportedly pressed him to take a harder line on EU aid and UN-brokered technical talks. An electoral setback may also discourage him from showing the creative flexibility he will need in the longer term if settlement talks resume in earnest. END COMMENT.

SCHLICHER